

To Members of the California State Assembly,

I am signing Assembly Bill No. 2756. I want to thank Assembly Member Daucher for carrying, and the Legislature for promptly enacting, this Administration-sponsored bill that achieves two important objectives. First, bill builds upon the existing school district budgeting and fiscal oversight process, commonly referred to as the AB 1200 system, to (a) help districts manage their resources wisely to avoid fiscal problems in the first place, (b) identify developing fiscal problems early when they do occur, and (c) correct fiscal problems before they become fiscal crises. Second, the bill improves procedures and clarifies roles for the rare instances when school district emergency loans become necessary. Overall, I believed this bill's emphasis on accountability and increased sunshining of the school financial situations will lead to improved fiscal practices and greater fiscal stability for school districts throughout California.

I note that the changes in law made by this bill supersede several provisions of SB 1190, including changes related to the Superintendent of Public Instruction's sole discretion in return of local governing board powers after a specified amount of time and related to the Fiscal Crisis and Management Assistance Team's completion of comprehensive assessments, improvement plans, and progress reports, which will be funded at the district's expense.

It is my understanding that some largely non-substantive amendments will be required to both clean up some inconsistencies in the bill's language and to accord with agreements reached by stakeholders late in the process. The Department of Finance has committed to cleaning up these issues in subsequent legislation.

Finally, I want to emphasize that I remain committed to my May Revision budget proposal to reimburse the General Fund for previously issued large emergency loans, including the loan provided by SB 1190.

Sincerely,

Arnold Schwarzenegger